

Alameda Reuse and Redevelopment Authority

Memorandum

To: Honorable Chair and
Members of the Alameda Reuse and Redevelopment Authority

From: Lisa Goldman
Acting Executive Director

Date: March 2, 2011

Re: Reserve Building 22 for Active Recruitment of a Food and Beverage
Tenant Compatible with the Existing Neighboring Tenants

BACKGROUND

Building 22 is a land plane hangar located in the western row of hangars near the wildlife refuge (Exhibit 1) at Alameda Point. The hangar was constructed in 1941 and is approximately 65,000 square feet. The tenants along that row of hangars include St. George's Spirit (B21) and Rockwall Winery (B24), both of which provide tasting rooms open to the public.

In December 2010, the City was contacted by a potential tenant looking for warehouse space for an exercise and training facility. The potential tenant was shown Building 22 and advised that Bladium Sports (Bladium) would need to approve the use because of Bladium's exclusivity clause contained in its lease. To staff's knowledge, Bladium has not provided approval of the proposed training facility use.

DISCUSSION

On July 27, 2010, the City Council approved an Asset Management Strategy (AMS) for all of the City's real estate assets. One of the long-term leasing strategies discussed in the AMS was to develop industry clusters and to modify leasing practices in order to attract specific industries. Because of its location and its existing neighbors, staff is recommending that Building 22, which will be vacant by June 30, 2011, be reserved and actively marketed for the next six months for uses that are compatible to the food and beverage industry, consistent with the cluster that already exists. Specifically, staff intends to actively recruit and attract a microbrewery. Commercial marketing materials for Building 22 will be developed, and staff will attend a microbrewery conference in San Francisco next month.

However, the tenant who viewed Building 22 in December has submitted a Letter of Intent for staff's review and comment (Exhibit 2). Staff is seeking direction on how to move forward with this opportunity at Alameda Point. The options include:

1. Supporting the staff recommendation, which focuses on attracting a long-term compatible use for Building 22 and working with the potential tenant to find an alternative location that meets its needs for a two-year lease.
2. Moving forward with a two-year lease with the proposed new tenant to the extent Bladium approves of the facility, and earn between \$130,000 and \$260,000 in the first year, depending upon the timing of the tenant's property takedown.
3. Postponing the decision for 90 days to see what staff learns from the microbrewery conference. Staff would return with an update at the May ARRA meeting.

FINANCIAL IMPACT

There is no financial impact at this time from reserving Building 22 for a food and beverage tenant.

RECOMMENDATION

Reserve Building 22 for active recruitment of a food and beverage tenant compatible with the existing neighboring tenants.

Respectfully submitted,



Jennifer Ott
Deputy City Manager

By:



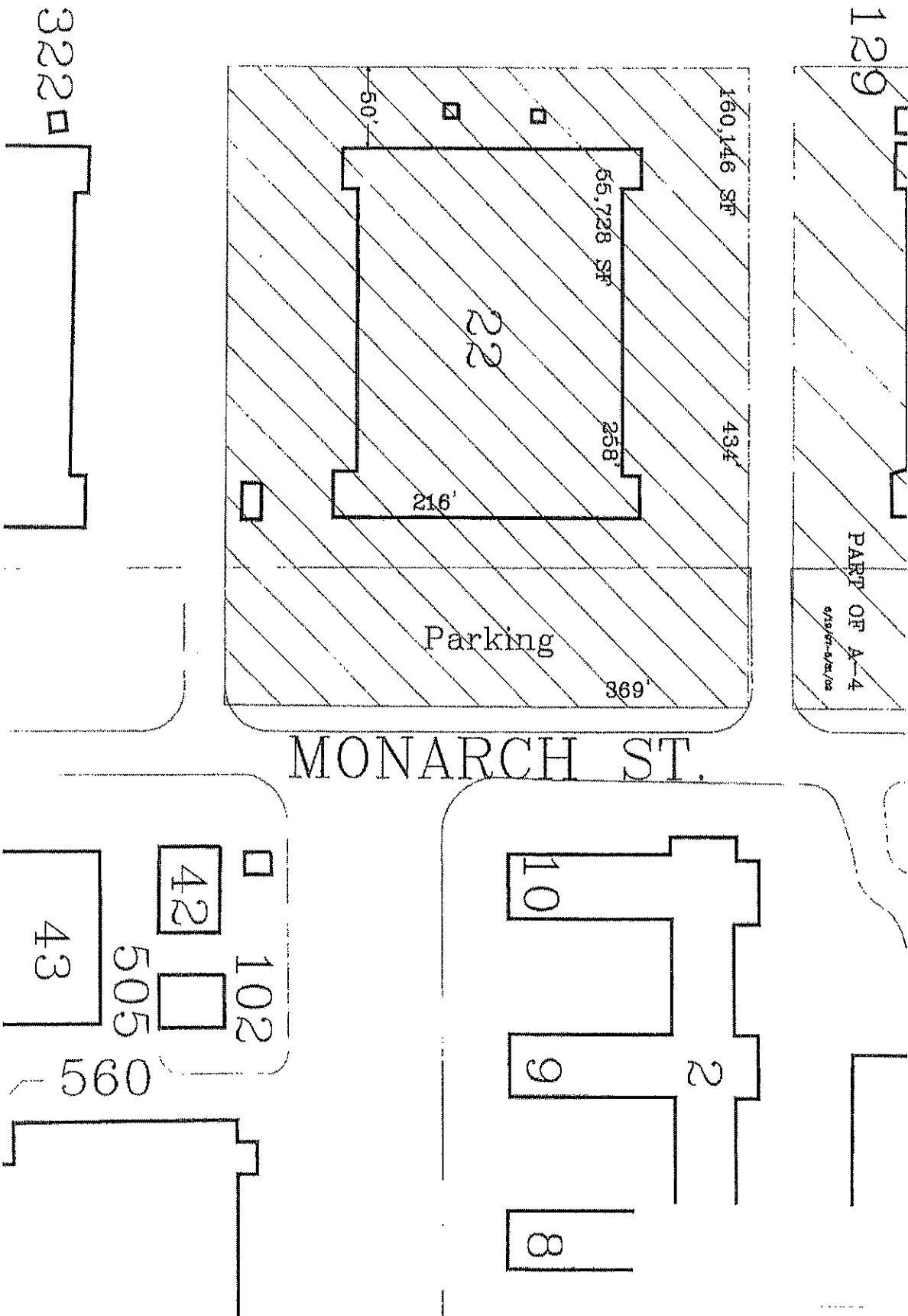
Nanette Mocanu
Finance & Administration Manager

NBM:ig

Exhibits:

1. Location of Building 22 at Alameda Point
2. Letter of Intent

EXHIBIT 1



Mariner Square Athletic, Inc.

2227 Mariner Square Loop, Alameda, CA 94501

January 31, 2011

City of Alameda
Alameda Reuse & Redevelopment Authority
2263 Santa Clara Ave.
Alameda, CA 94501

RE: Proposed Lease Of Western Half Of 2501 Monarch St (HANGER 22) Alameda, CA

To Whom It May Concern:

The partners of Mariner Square Athletic, Inc are delighted to present the attached proposal to you of our intentions to lease the western half of Hanger 22, located at 2501 Monarch St., Alameda, CA 94501.

As you are aware, Mariner Square Athletic, Inc has been operating a full service health club for the past 30 years. We have recognized the need for a state of the art training facility for the greater bay area which would be housed at the Alameda Point, Hanger 22.

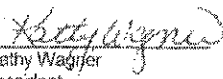
The space we are proposing to lease at Hanger 22 will allow us to launch our operations prior to the completion of our new state of the art training facility which will be located in the Catellus Project, Alameda Landing.

Our training platforms will include the training of youth, high school, college, and pro athletes as well as tactical training for military, firefighters, police and SWAT responders. We believe our operations will have a significant benefit to the community of Alameda. In that regard, we envision working in conjunction with the Warriors, NBA, Raiders, and NFL, to take advantage of the various training and instructional programs that could be offered at our training facility. We will also offer scholarship programs to benefit the underprivileged which will be based upon need and or academic performance. These programs will serve to benefit the Alameda community tremendously.

To ensure the success of our operations we have assembled a team of leading executives in the sports and training industry as board members including sports attorneys, sports physicians and therapists, leading trainers, NFL and NBA executives, and professional athletes.

We look forward to your response to our proposal as soon as possible

Sincerely,


Kathy Wagner
President
Mariner Square Athletic, Inc.


James A. Sims Jr., Esq.
President & CEO
Sims Sports Management

R I C H K R I N K S
B R O K E R A S S O C I A T E
C O M M E R C I A L R E A L E S T A T E

January 31, 2011

Sent via email: mmoreno@pmrg.com
jott@ci.alameda.ca.us
athomas@ci.alameda.ca.us

Manny Moreno
PM Realty Group

Dear Manny:

On behalf of my client, Mariner Square Athletic, Inc., I am pleased to submit the following proposal to lease warehouse space at 2501 Monarch Street (Hanger 22), Alameda. Our client has reviewed and approved this proposal.

LEASE PROPOSAL :

LANDLORD: Owner of Record.

TENANT: Mariner Square Athletic, Inc. A New dba is Under Construction.

LOCATION: 2501 Monarch Street (Hanger 22), Alameda, CA 94501

SIZE: 32,500 sf of the Western Side Upon Execution of a Lease and possibly adding the 32,500 sf of the Eastern Side Upon Current Tenant Vacating with a Right of First Refusal for the Additional Space.

TERM: Three (3) Years.

LEASE
COMMENCEMENT
DATE: March 1, 2011 or Sooner.

BASE RENT: \$0.40/sf/month.

NNN: TBD. We have not been given these numbers in advance.

FREE RENT: Months 1, 2 and 13.

EARLY
OCCUPANCY: Two weeks prior to Lease Commencement Date. This period will be used to begin Tenant Improvements. No rent charge.

SECURITY DEPOSIT: Equal to one month's base rent.

ANNUAL
RENT INCREASES: None.

OPTION TO
EXTEND LEASE: Two (2) -- One (1) Year Options. Rent to be Market Rate, but not to exceed a Three Percent (3%) Increase over Month Thirty-Six (36) for the First Option Period and the same for the Second Option Period, but using Month Forty-Eight (48) as the Basis for the Three Percent (3%) Increase.

USE: Athletic and Tactical Training Center. To Include Pro-Athletes, College Athletes, High School Athletes, Military, Firefighters, Police, and SWAT etc.

CONDITION OF PREMISES: "AS IS" with Full Disclosures Regarding Any Environmental Issues.

TENANT IMPROVEMENTS:

1. Installation of Indoor Athletic Field with Artificial Turf.
2. Classrooms-Physical Therapy Rooms-Chiropractic Rooms
3. Locker Rooms with Showers.
4. Work Out Studios.
5. Offices and Reception and Kitchen.
6. Special Lighting for Athletic Field.
7. Communication Equipment.
8. Possibly Some HVAC Installation.

SIGNAGE: Tenant can install signs (at Tenant's expense) on the exterior/interior of the space per the City Sign Ordinance.

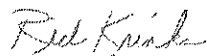
COMMISSION: Harbor Bay Realty will be paid a commission by the Landlord on the Lease at a rate agreed upon in advance of the Lease being executed.

Please review and call me at 510-381-3434 or email me at rlcrinks@hbrinfo.com with any questions.

This proposal is intended solely and exclusively as a preliminary expression of general intentions. The parties mutually intend that neither shall have any binding contractual obligations to the other with respect to the matters referred to herein unless and until a formal written lease has been prepared with adequate opportunity for legal review by legal counsel and has been fully executed and delivered by the parties.

Sincerely,

Harbor Bay Realty



Rich Krinks
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855 Island Drive, Alameda, CA 94502



cc: Jennifer Ott
Andrew Thomas